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Italian NATO Policy:
The Next Five Years

Ian O. Lesser

November 1989

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Since the late 1970s, Italian policy toward NATO has been characterized by increasing assertiveness, but this has not threatened the basic national commitment to coalition defense and is unlikely to do so in the future. Nonetheless, Italian attitudes and policy toward NATO through the mid-1990s will be subject to strains arising from long-standing strategic dilemmas and competing strategic interests. Although Italy has placed greater emphasis on the Mediterranean dimension of its security policy, there can be little Italian interest in a predominantly Mediterranean approach that would contribute to the "marginalization" of the Italian role in NATO and focus attention away from the twin pillars of Italian postwar external relations--NATO and the European Economic Community. Italy will almost certainly remain a loyal and cooperative ally, but increasing Italian activism on security questions will make the course of Italian policy more difficult to predict in detail, and Italian support for Alliance--and particularly U.S.--initiatives less automatic.

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**Italian NATO Policy:
The Next Five Years**

Ian O. Lesser

November 1989

**Prepared for the
United States Air Force**

RAND

PREFACE

This is one of a series of seven RAND Notes written as part of the project on Theater Nuclear Deterrence after the INF Treaty, sponsored by the United States Air Force, Europe (USAFE). The work was undertaken in the National Security Strategies Program within Project AIR FORCE. Since the issues of maintaining NATO deterrence are as political as they are military, it was decided to analyze the potential alternative short-run NATO policies of major member nations. These Notes were written independently; they were then discussed at a meeting that examined the implications of each national policy for the others. The resulting synthesis will be set forth in a future report. The Notes themselves, although refined as a result of both the meeting and the passage of time, are essentially independent; each one makes alternative assumptions about the other NATO partners rather than predicated its analysis on specifics from the other Notes.



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SUMMARY

Since the late 1970s, Italian policy toward the Atlantic Alliance has been characterized by increasing assertiveness, but this has not threatened the basic national commitment to coalition defense and is unlikely to do so in the future. Nonetheless, Italian attitudes and policy toward NATO through the mid-1990s will be subject to strains arising from long-standing strategic (in the broadest sense) dilemmas and competing strategic interests, which are now being discussed in more explicit terms. Most notable is the tension between the Italian role in NATO's Central Region and the rediscovery of traditional interests, and the perception of new security problems in the Mediterranean. Of equal importance is the tension between the European and Atlantic dimensions of Italy's security policy--a problem of political balance that becomes even more significant in the context of greater European economic and defense cooperation. The nature of these tensions is such that they are unlikely to be "resolved" in any definitive sense, and they will continue to play a central role in shaping Italian policy throughout the period under discussion.

Despite the continuing Italian concern about instability around the Mediterranean--and the related anxieties about such issues as nuclear, chemical, and ballistic missile proliferation and the threat to sea lines of communication--there are clear limits to a defense model that would dramatically alter the balance of priorities in favor of a "southern" strategy (with all that such a strategy implies for force structure and political relationships within the Alliance). Although a greater emphasis has been placed on the Mediterranean dimension of Italian security policy, particularly in the wake of the 1985 Defense White Paper, there can be little Italian interest in a predominantly Mediterranean approach that would contribute to the "marginalization" of the Italian role in NATO and focus attention away from the twin pillars of Italian postwar external relations, NATO and the European Economic Community. Thus, Italy faces a particularly complex strategic situation

in which the concern is not only the coupling of U.S. and European security, but also the coupling of deterrence in central Europe and the Mediterranean.

Overall, Italy will almost certainly remain a loyal and cooperative ally, but increasing Italian activism on security questions will make the course of Italian policy more difficult to predict in detail and Italian support for Alliance (and particularly U.S.) initiatives less automatic. The key factors that will drive Italian attitudes and policies in the "likely case" include:

- A strong philosophical attachment to nuclear arms control and an equally strong practical interest in conventional force reductions (as long as they do not contribute to the separation of Central and Southern Region security);
- A very large budget deficit and the consequent need for austerity in defense spending;
- Strong support for "Europe," but clear ambivalence toward cooperative arrangements in the political, economic, and defense spheres that would encourage separate European blocs (especially any sort of Franco-German coalition);
- Considerable optimism about the prospects for East-West relations, and the belief that Italy can serve as a favored interlocutor on political and economic questions.

As in the past, the desire to be cooperative on difficult issues (for example, the deployment of cruise missiles, or the commitment to accept U.S. F-16s transferred from Spain) will continue to represent the principal Italian contribution to Alliance "burdensharing." In the context of promoting political cohesion, this approach is not without merit, but is likely to be limited in the future by the Italian desire to stay within the mainstream of opinion in NATO Europe. This imperative will color the Italian approach in many areas, not least on the question of short-range nuclear force modernization and reductions.

Apart from an evident interest in encouraging the Alliance as a whole to devote more attention to Southern Region concerns, Italy is unlikely to be in the vanguard of a movement to formulate an Alliance-wide notion of political and strategic vision; it would, however, undoubtedly be a willing and important participant in a new Harmel-type exercise. Here, as in other areas (for example, East-West trade), Italian policy is driven by a certain degree of strategic pragmatism, rather than by deep-rooted geopolitical impulses. If Italian policy toward the Alliance remains essentially reactive, this should not suggest that its response will be insignificant. Indeed, Italy will continue to possess the capacity to influence the outcome of Alliance debate on critical questions and at critical points.

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I. INTRODUCTION

Consideration of Italy's place in the Atlantic Alliance suggests a number of stock images: the loyal ally with limited resources; the democratic and increasingly prosperous ally that, nonetheless, seems to be in a perpetual state of political and economic crisis; the peripheral or neglected ally with aspirations toward a wider role in European, Atlantic, and Mediterranean affairs. There is a good deal of truth in all these images, yet taken at face value they do not adequately reflect the character of Italy's role and future within the Alliance. After almost 40 years in which Italian attitudes toward NATO could reasonably be understood on the basis of such images, the security debate in Italy has become more active and complex. To a large extent, this has been a consequence of developments that have affected the Alliance as a whole, including the controversies over INF (intermediate-range nuclear force) modernization and elimination and, not least, Mikhail Gorbachev's extraordinary diplomatic and reform initiatives.

The growing assertiveness of Italian foreign and defense policy reflects a natural desire for an international role commensurate with the country's level of economic development; it also reflects the four-decade transition from a defeated and politically constrained power to one with the status of a central, if not entirely influential, member of the Atlantic Alliance and the European Economic Community (EEC). One consequence of the new attention to security questions is that certain tensions that have always existed in some form are becoming more visible and are the subject of more explicit discussion, with important implications for policy toward the two postwar pillars of Italian external relations, NATO and the EEC. The first of these tensions concerns the balance between Atlantic and European relations; the second embraces the competition between Italy's role in NATO's Central Region and the rediscovery of traditional interests, and the perception of new threats in the Mediterranean. The nature of these tensions is such that they are unlikely to be "resolved," and their continued existence will

play an essential role in defining Italian relations within the Alliance.

Overall, future Italian policy toward NATO is unlikely to represent a radical departure from past behavior--Italy will almost certainly remain a loyal and cooperative ally, but the tensions outlined above and increasing Italian assertiveness on security questions will make the course of Italian policy more difficult to predict in detail and Italian support for U.S. and NATO initiatives less automatic.

The purpose of this paper is to assess the prospects for Italy in the Atlantic Alliance through the mid-1990s based on certain assumptions about the external and internal environment--that is, the context in which Italian attitudes and policies will be formed. Proceeding from these assumptions, the most likely direction of Italian policy with regard to a range of important Alliance issues will be explored. Finally, some possible variations on the likely case--"wild cards" and their implications--will be suggested.

II. KEY ASSUMPTIONS

The following assumptions are offered as a departure point and as a guide to the principal external and internal factors likely to drive Italian policy toward NATO in the period under discussion.

SOVIET POLICY

In the very near term, it is likely that Soviet policy will continue to be directed toward a relaxation of political and military tension in Europe, encouraging a reduced perception of threat and holding out the prospect of new trade and security relationships between East and West. The prospects for the continuation or acceleration of this trend over the next five to ten years are far less certain. The primary question is whether Gorbachev will remain in power or whether he will be replaced by a reactionary leadership. Beyond this and assuming that Gorbachev manages to maintain his position there is the question of the extent to which his economic and political initiatives will be successful and what the consequences of this will be. In the extreme case, a period of profound and successful restructuring of the Soviet economy might occur (accompanied by a tactical detente), after which the Soviet Union would emerge as a more capable and aggressive power ready to resume political and strategic competition with the West on more favorable terms. A more likely alternative would be a continuing struggle toward economic reform, accompanied by structural changes of a more or less permanent nature in the character of the Soviet system and its external relations. Outright failure of the Gorbachev initiatives, or very adverse consequences of success (for example, loss of control of the nationality problem or the situation in Eastern Europe) would probably lead to a policy of reaction by Gorbachev or his successor a policy that would, in turn, lead to a renewed perception of threat in Western Europe.

Soviet policy toward the Mediterranean is unlikely to be marked by real activism as long as both domestic and central and Eastern European initiatives remain the focus of concern. Efforts to improve the Soviet Union's political and security relationships in the region will probably be made, including access to better naval facilities, should suitable opportunities present themselves. The size and activities of the Soviet fleet in the Mediterranean have essentially leveled off at their 1979 peaks, and barring a major regional crisis, it is unlikely that this presence will be increased.¹

U.S. POLICY

The advent of the Bush administration, with the presence of moderate Atlanticists in key foreign and defense policy positions, is unlikely to signal any substantial reduction in the U.S. commitment to European security or the determination to remain a European power. It is likely that the United States will press ahead with strategic and conventional force reduction efforts, as well as with short-range nuclear modernization initiatives. The latter will face very strong opposition from many quarters, and indefinite postponement of any decision on this question--if not outright abandonment--is the most probable outcome. Overall, the approach to developments in the Soviet Union is likely to be characterized by caution and may continue to be rather reactive.

At the same time, there will growing pressure from Congress on the issue of burdensharing in Europe and elsewhere. This will be driven not only by the deficit problem, but by uncertainties surrounding the future of U.S.-European trade relations before and after 1992. To the extent that negotiating with the EEC bureaucracy for access to European markets may be difficult and unappealing, bilateral "portals" will become more attractive and Italy could prove to be a good candidate for such an approach.

¹Maurizio Cremasco, "NATO's Southern Flank and Italy's Role in It," *The International Spectator*, Vol. 23, No. 2, April-June 1988, p. 88.

U.S. defense budgets will almost certainly decrease in real terms, and this will probably have a pronounced effect on naval forces. Consequently, barring a new Middle East crisis or a renewal of the confrontation with Libya, the U.S. naval presence in the Mediterranean will not increase and may well decline. Despite Soviet pressure, naval forces are unlikely to be included in initial conventional force reduction talks.

Unlikely, but not altogether impossible, variations on the above scenario would include substantial troop withdrawals from Europe (beyond the conventional force cuts already proposed), serious bilateral or Alliance-wide political crises resulting from an out-of-area dispute, a "trade war" with the EEC, or a major recession followed by a substantial strategic retrenchment.

POLICIES OF OTHER NATO MEMBER STATES

While the Italian security relationship with the United States has historically provided the crucial bilateral context for Italian relations within NATO, the behavior of other Alliance members in Europe will play an increasingly central role in determining Italian policies and attitudes. The influence of the European environment will be particularly pronounced in two areas: European defense cooperation, and the movement toward a single European market.

Joint European defense initiatives--and particularly Franco-German cooperation--will most likely continue to be pursued with varying degrees of vigor depending upon the perceived health of the U.S. security commitment to Europe and the status of conventional and nuclear arms control negotiations. Whether Franco-German arrangements will proceed along lines that will lend themselves to broader Italian participation is also unclear. This will undoubtedly be an area of concern for the Italian leadership, which is supportive of European initiatives but uncomfortable with the notion of Franco-German collaboration alone. In this sense, bilateral relations with the United States represent the principal counter to German or French domination of the European security environment. Another less prominent but

potentially important "hedge" would be expanded cooperation among the Southern Region allies, along the lines already being pursued by Italy, France, and Spain in the area of maritime surveillance.² Additional Mediterranean initiatives of this sort can be expected over the next five to ten years; they will probably be designed to promote defense-industrial development as much as improved defense capability.

Without attempting to predict the precise extent to which Europe will represent a single market after 1992, it is likely that substantial progress will eventually be made toward this goal. The very high degree of Italian economic interdependence, together with very marked differences in its financial and commercial structures, suggests that the post-1992 environment will pose serious challenges for Italian policy, not least because Italian attitudes toward European integration are intimately bound up with broader political and security concerns.³

In the absence of another shock on the order of Czechoslovakia or Afghanistan, Europe--with the possible exception of Britain--is likely to be much less cautious than the United States in responding to developments in the Soviet Union and Eastern Europe. In the areas of political relations and arms control as well as East-West trade and finance there will be a strong German desire to set the agenda for what is widely perceived as a new era of detente in Europe; France and other European countries will demonstrate an equally strong desire not to be left behind.

The potential for serious "European" disagreements with the United States over the burdensharing question, as well as on out-of-area policies, will persist-and perhaps increase. One consequence of this, from the Italian perspective, is that it will be difficult for the U.S. administration or Congress to single out any individual Alliance member as uncooperative.

²Initiatives in this area include the French, Italian, and Spanish Helios observation satellite project, and proposed cooperation on airborne warning and control systems. See *NATO Report*, Vol. 3, Nos. 1 and 2.

³Antonio Giolitti, "Italy and the Community After Thirty Years of Experience," *The International Spectator*, Vol. 19, No. 2, April-June 1984, p. 76.

THE ITALIAN POLITICAL AND ECONOMIC ENVIRONMENT

Traditionally, it has been an axiom of the Italian political scene that foreign and defense policy has been an instrument for domestic political advantage. Although this is still an important element, there has been a steady growth in the attention devoted to security issues *qua* security issues by Italian elites since the Euromissile debate of the early 1980s. A significant amount of growth has also occurred in the number of bodies, including private institutes (most of which are attached to political parties) concerned with international and strategic questions; a more substantial and sophisticated structure for the discussion of NATO-related questions now exists, although this environment is not yet comparable to those in Britain, France, and Germany.⁴

Despite the notoriously short-lived nature of Italian governments, the current coalition pattern of Christian Democrats and Socialists (PSI) as well as the "lay" Republican, Social Democratic, and Liberal parties is an essentially stable political arrangement in which all the leading elements are broadly supportive of the Italian role in NATO. The Republicans and Liberals, in particular, have traditionally possessed a more "elitist" and Atlanticist orientation--one in which the relationship with the United States has been accorded a certain degree of primacy. The basic blocs and players have proved quite durable, with figures such as Giulio Andreotti and Bettino Craxi continuing to exert a strong influence on foreign and security policy. The Italian Communist Party (PCI), having largely abandoned its anti-NATO stance of the 1950s and 1960s, remains a latent political force controlling some 25 percent of the electorate. The Christian Democrats and the Socialists have traditionally used the PCI's uncertain commitment to the Atlantic Alliance as a means of discrediting their opponents to the left, although the future political resonance of this tactic may be open to

⁴Prominent examples include the Istituto Affari Internazionale, the Centro Studi di Politica Internazionale (associated with the Italian Communist Party), the Centro de Studi Strategici, and the Istituto Studi e Recherche Difesa.

question as the PCI continues to move toward the center (it is rumored that the party may soon cease to call itself Communist) and as Gorbachev's adroit diplomacy continues to erode the public's perception of a Soviet threat.

In the most likely case, the Christian Democrats will maintain their dominance within the current coalition. A return to Socialist leadership would not imply a substantial change in policy toward NATO. Indeed, as prime minister, Craxi proved an active and pragmatic Atlanticist. In contrast, Andreotti, the Christian Democratic prime minister, has displayed a marked ambivalence toward the Atlantic dimension of Alliance relations, favoring more assertive European and Mediterranean initiatives. Even the more extreme alternative of an alliance between the Socialists and the PCI would be unlikely to threaten the basic Italian commitment to the Alliance, although relations on basing and nuclear issues would undoubtedly become more difficult. Future shifts of leadership in the Christian Democratic Party should not have any pronounced foreign policy consequences except, perhaps, to ease or worsen relations with the Socialists on certain issues.

The perennial crises of Italian politics are more a question of style than substance--considerable stability prevails within the apparent instability of the Italian political culture--yet the pervasiveness of this chaotic image has certainly hindered Italian efforts to play a more active and credible role in Alliance affairs. The continued stability of the current coalition arrangement, despite the arrival and departure of individual politicians, should help to counter this perception abroad.

The state of the economy will impose very real constraints on the Italian ability to contribute to European defense, and, not incidentally, reinforce the Italian interest in conventional force reductions. Although Italy is now the fifth or sixth largest economy in the world and most of the country enjoys prosperity on a par with its northern European neighbors, the budget deficit now exceeds 11 percent of the gross national product (GNP), raising the prospect of severe and

continuing reductions in the defense budget (not unlike the situation facing Italy's principal ally). Taken together with a trade deficit of \$9.37 billion in 1988--an increase of 15 percent over 1987 and, despite a decrease in the price of imported oil, the worst since 1985, it is reasonable to suggest that the attention of the Italian leadership over the next few years will be focused more on economic issues and rather less on new defense initiatives.⁵ Such issues will undoubtedly loom even larger as Italy endeavors to prepare for a unified European market. Demographic trends are also likely to pose significant personnel problems for the Italian armed forces as the pool of eligible draftees declines, further complicating long-term planning and making manpower-intensive defense options unattractive.⁶

Finally, Italy's dependence on oil imports (overall, Italy relies on overseas sources for some 90 percent of its energy supplies) will continue to influence political relations with Middle Eastern and Mediterranean states, as well as with Atlantic allies.⁷ The perception of resource vulnerability has often played a role in the formation of Italian policy--most notably in the interwar period--and can be expected to play a role in the security debate. The Ente Nazionale Idrocarburi (ENI) has a long-standing interest in maintaining uninterrupted access to Algerian natural gas and Libyan oil, and this can be expected to continue throughout the period under discussion.

⁵ *International Herald Tribune*, February 6, 1989.

⁶ See 1985 Defense White Paper, Italian Ministry of Defense, Rome, 1985, Vol. 1, p. 99.

⁷ See Maurizio Cremasco, "Italy: A New Role in the Mediterranean" in John Chipman, ed., *NATO's Southern Allies: Internal and External Challenges*, Routledge, London, 1988, p. 196. The recent curtailment of Italy's nuclear power program will only reinforce the importance of secure oil imports. The growing importance of pipelines terminating in the Levant--and thus of the Mediterranean sea lines of communication for oil--should also be noted. See *FBIS-WEU Report*, December 19, 1988.

DEVELOPMENTS ELSEWHERE

The Italian sensitivity to economic, political, and military developments around the Mediterranean basin--and particularly in North Africa--suggests that this will be another important policy "driver." At a minimum, the continuing prospects for political instability and a range of threats to Italian interests (on the pattern of the *Achille Lauro* hijacking, or the Libyan attack on Lampedusa) will serve to keep "southern" concerns on the security agenda. The response of individual allies to crises in the region will also continue to entail risks for Alliance cohesion. With regard to the Adriatic, more serious unrest in Yugoslavia cannot be ruled out, and this could be expected to raise Italian concerns about the possibility of Soviet pressure or intervention.

CENTRAL EUROPE VERSUS THE MEDITERRANEAN: A STRATEGIC DILEMMA

Over the past decade, the Mediterranean dimension of Italian foreign and security policy has become increasingly prominent and has emerged as an important area of concern for political and economic elites as well as for the armed forces. The "Mediterranean vocation" is, of course, in no sense new, arising as it does from the reality of geography and long-standing tradition and experience. The rediscovery of this traditional strategic interest is partly attributable to erosion of the stigma that had been attached to thinking about Italy's broader role in the Mediterranean in light of the interwar and World War II experience. At a philosophical level, this has also been a natural outlet for interest in the North-South dimensions of international affairs--the *Terza Mondismo* shared by the Christian Democratic Party's left wing, the Socialists, the Communists, and the Church.

More proximate causes can be found in the steady growth of Italy's practical involvement in Mediterranean and Middle Eastern affairs since the late 1970s. Prominent examples of this involvement include participation in UNIFIL (1979); the agreements for economic, technical, and military assistance with Malta (1980 and 1986); maritime patrol activities in the Strait of Tiran and the Gulf of Aqaba (1982);

participation in the Multinational Force in Lebanon (1982-1984); and minesweeping operations in the Gulf of Suez (1984) and in the Persian Gulf (1987).⁸ To this one must add the experience of the *Achille Lauro* affair and its aftermath, and the confrontation with Libya culminating in the attack on Lampedusa.

At the commercial level too, Italy has maintained close relationships around the Mediterranean, and particularly in North Africa. In Italian relations with Middle Eastern oil producers (beginning with the activities of Enrico Mattei and ENI in the 1950s) and, until very recently, with the Libyan participation in Fiat, economic, political, and security concerns have been closely interwoven.

What has been described as the "new look" in Italian defense policy, as reflected in the landmark 1985 Defense White Paper, is very much about the need to shift some attention and resources away from the other principal security concern--the defense of the northeast and the Gorizia Gap--to counter both more likely threats to the south and a range of unconventional contingencies. Accordingly, Giovanni Spadolini's 1985 statement on the organization of the Italian forces establishes five joint defense missions: 1) defense of the northeastern border; 2) defense to the south, including protection of the Mediterranean sea lines of communication; 3) national air defense; 4) defense of the national territory against threats other than those on the northeastern front; and 5) peacetime protection and humanitarian missions at home and abroad.⁹

The emphasis on threats and requirements to the south also reflects the widely held Italian perception that NATO has consistently paid insufficient attention to the Mediterranean, focusing to an overwhelming degree on the problems of the Central Front. The rejection of Admiral Porta, who had been a leading candidate for chairmanship of the NATO Military Committee in February 1989 (no Southern Region officer has ever

⁸Cremasco, "Italy: A New Role," p. 196.

⁹1985 Defense White Paper, Vol. 1, pp. 25-31. See also General Riccardo Bisogniero, "Italian Defense--Evolving to Meet a Rapidly Changing World Situation," *NATO Review*, October 1987, pp. 14-15.

held the position), was interpreted by Defense Minister Valerio Zanone to be indicative of the fact that "the problems of the Southern Region are considered secondary compared to those of the Central Region." Moreover, he stated that "if this is so, we have to find a more balanced vision of reality because in the coming years the real problems will stem from the degree of stability that exists in the Mediterranean."¹⁰

Apart from its implications for force structure decisions--some of which, including the creation of a Forza d'Intervento Rapido (FIR) and the formation of a naval aviation arm, have already made themselves felt--an adjustment of Italian priorities toward the Mediterranean could be expected to complement U.S. regional security interests and perhaps suggest the need for an even closer bilateral relationship. Yet a radical reorientation of Italian priorities--that is, beyond the modest steps that have been taken thus far--must be considered unlikely, particularly because the strongest points of reference for Italian foreign policy, NATO and the EEC, are focused outside the Mediterranean. Some critics have also pointed out that a "Mediterraneanization" of Italian policy, though offering a convenient new sphere for foreign policy activism, may well mean a further marginalization of the Italian role over the longer term--precisely the condition that Zanone and others have decried and that other Southern Region countries have felt even more keenly.¹¹ There can be little Italian interest in the regionalization of the Alliance or in the creation of a Mediterranean suballiance that would relegate Italy to the periphery; concerns of this sort contribute to the lack of Italian enthusiasm for "new" European defense arrangements.

In the context of the East-West strategic relationship, Italy clearly can abandon neither its Mediterranean role nor its commitment to forward defense in the northeast. Indeed, it is difficult, if not impossible, to envision a NATO-Warsaw Pact confrontation in the

¹⁰Clyde Haberman, "Italy Says NATO Neglects the Mediterranean," *New York Times*, February 16, 1989.

¹¹See, for example, Maurizio Cremasco and Giacomo Luciani, "The Mediterranean Dimension of Italy's Foreign and Security Policy," *The International Spectator*, Vol. 20, No. 1, January-March 1985.

Mediterranean except as part of a broader conflict in Europe. The Mediterranean will continue to be a useful sphere in which Italy can define and express its unique national interests within the Alliance (something it has not done much of until recently), but strong incentives will still exist for playing a role in core NATO issues of nuclear and conventional arms control, force modernization, and East-West relations--all of which are focused to the north.

III. ITALIAN SECURITY POLICY AND THE ALLIANCE: LIKELY SCENARIOS

NUCLEAR AND CONVENTIONAL ARMS CONTROL

Apart from a brief period of activism under the Craxi government, Italy has not been noted for its leadership on arms control matters. Italians, across the political spectrum, generally do not believe that they can play a central role in this aspect of East-West relations, although there has always been widespread support for arms control and disarmament initiatives formulated elsewhere. Indeed, there is a strong culture of support for arms control that flows from the Catholic peace tradition, in the case of the Christian Democrats, and from the Socialist peace tradition, in the case of the PSI. The "peace movement" in Italy, which, as elsewhere, became very active during the Euromissile debate, remains a latent political force that politicians are reluctant to alienate. Thus, political leaders have a strong incentive to establish their arms control *bona fides* and to avoid being outflanked on this issue by opponents on the left.

The PCI has probably been the most active element in articulating specific arms control proposals (which often consist of more balanced reformulations of Soviet concepts), although their influence on the Italian stance has been minimal. Most notably, the PCI has supported the notion of denuclearized zones in central Europe, including Italy's northeastern front. The party has also been an enthusiastic supporter of no-first-use proposals, including those put forth by the "Gang of Four" in the United States. Yet for the PCI, as well as for other political parties, the arms control debate is likely to remain more of a philosophical exercise than an argument in detail, in part because of Italy's perceived "observer" status on arms control questions in the Alliance, but also because of the rather small number of individuals with the background and inclination to address such issues on a specialist basis.

The INF agreement was, of course, received very positively in Italy, both as a vindication of the original Italian stance on deployment and as evidence of new momentum in the arms control process generally. This is a particularly important point in the context of Italy's decision to accept the transfer of U.S. F-16s from Spain since this move has also been billed in many quarters as an implicit "two-track" initiative. Leading Socialists, such as Defense Committee Chairman Lelio Lagorio, have been more explicit, urging that in the two to three years before the F-16s are actually transferred to Italy, the government and the Alliance seek an East-West accord on asymmetrical arms reductions on the southern flank--in effect, a "cancellation clause" with regard to the F-16 deployment. In this conception, the broader aim would be a "military reduction in the Mediterranean where--unlike in central Europe--we know that tanks and artillery are not as important as airplanes, helicopters, conventional missiles, and ships."¹ Overall, Italy is likely to be highly supportive of initiatives on conventional force reductions and confidence-building measures, but will also wish to ensure that reductions are not confined solely to the Central Region and that negotiations do not evolve along lines that encourage the detachment of Central and Southern Region security.

With regard to strategic arms negotiations, Italy will be a supportive observer. Reductions of 50 percent in the United States and Soviet arsenals would certainly be welcomed and, given the restrained Italian reaction to Reykjavik, even more extensive mutual reductions would be favorably received.² Consistent with the thrust of opinion in Europe, Italy can be expected to favor a restrictive interpretation of the ABM (antiballistic missile) Treaty, although there will be a continuing interest in participation in SDI research, partly for commercial reasons, partly from a diffuse concern about being left behind. Italy is a signatory of the Geneva Convention and can be

¹Lelio Lagoria, "F-16s, But Negotiations Too," *Avanti*, June 17, 1988 (also in *FBIS-WEU Report*, June 23, 1988, pp. 11-12).

²Interview with Foreign Minister Giulio Andreotti, *The Independent*, March 7, 1988 (also in *FBIS-WEU Report*, March 8, 1988, p. 3).

expected to lend full support to comprehensive chemical disarmament measures.

Beyond the cultural and domestic political elements of the Italian support for arms control measures, one may identify an additional long-term Italian interest in the demilitarization--to the extent possible--of political and security questions in Europe. Ideally, this would allow Italy both to conduct its external relations along lines (political and economic) that are more advantageous vis-a-vis its nuclear and nonnuclear Alliance partners and to focus on issues of special interest, including East-West trade.

CONVENTIONAL FORCES AND STRATEGY

Despite Italy's consistent allotment of a relatively small proportion of its GNP to defense (approximately 2.5 percent between 1971 and 1988 and some 2 percent in 1989, placing it 11th in the Alliance by this measure), Italy possesses significant conventional forces and has maintained at least a rhetorical commitment to modernization in the face of severe budgetary problems.³ The continuing pressure on defense budgets has had a more severe effect on the army than on the air force or the navy. Over the past decade, the army's share of the defense budget has fallen from 51 percent to 42 percent, yet for a variety of reasons, including prestige, there has been a reluctance to reduce operational forces. The required savings have been sought in infrastructure, sustainability, and training. Only in the past two years has an effort been made to streamline operational units and raise the level of investment in land forces. The overall trend to date, however, has been one of "undercapitalization," in which the existing structure and operational doctrine would be more appropriate to an army with double or triple the resources.⁴ Current army modernization

³In military manpower (active duty) Italy ranks fifth within the Alliance; in armored division equivalents, it is the seventh-largest contributor. Italy also ranks fifth in terms of its contribution to NATO naval forces and combat aircraft. See Jed C. Snyder, *Defending the Fringe: NATO, the Mediterranean, and the Persian Gulf*, Westview/Foreign Policy Institute, Boulder, Colo., 1987, p. 32.

⁴Virgilio Ilari, "The New Model of Italian Defense, Doctrinal

programs concentrate on addressing deficiencies in three principal areas: air defense, mobility (including the purchase of new attack helicopters), and command and control/logistics.

The navy has traditionally been more successful in maintaining a balanced allocation of resources and has recently seen a significant strengthening of its role with the adoption of the Naval Air Arm Bill under which the navy will now be able to procure and operate its own fixed-wing aircraft and helicopters. The navy has embarked on an ambitious ten-year program of construction, concentrating on major surface combatants and including an additional aircraft carrier (a "command cruiser") of the Giuseppe Garibaldi class, as well as two advanced air defense ships. The announced aim is to have two naval groups available at all times--one for the western and one for the eastern Mediterranean--maintaining a force of 22 major surface combatants.⁵ The navy has clearly benefited from the growing Italian concern about defense in the Mediterranean and, in particular, about the protection of the sea lines of communication for oil and other vital resources. This trend, coupled with the fact that naval forces are unlikely to be embraced by conventional arms control negotiations (at least in the short term), suggests that the navy should be in a relatively strong position to carry out its proposed modernization program.

As with the army, the air force has assigned a high priority to improving its air defense capability. The key programs in this area are the acquisition of the European Fighter Aircraft (EFA) and the replacement of the aged Nike Hercules with Patriot surface-to-air missiles, along with 16 batteries of Skyguard Aspide SAM for low- and very low-level defense. The question of national autonomy in the area of air defense has become increasingly important strategically and politically and has led to the proposed purchase of two to four AWACS aircraft to augment Italy's early warning capability in the south.⁶

Options, Issues and Trends," *The International Spectator*, Vol. 22, No. 2, April-June 1987, p. 82.

⁵*Corriere Della Sera*, February 25, 1988 (also in *FBIS-WEU Report*, March 8, 1988, p. 6).

⁶One might view this as a rediscovery of a long-standing strategic

The FIR, established in 1986, was conceived primarily as a force for mobile territorial defense, including the defense of the smaller Italian islands, rather than as a vehicle for intervention abroad. In this sense it has been something of a disappointment to those who expected a force on the order of the French Force d'Action Rapide. The FIR is an interservice command and would be composed of two army brigades, one army light aviation regiment, and appropriate naval support. Apart from its use in peacekeeping operations (as identified in the 1985 Defense White Paper), a limited number of scenarios for employment abroad are possible. These scenarios include assistance to Tunisia in the event of a Libyan threat (in cooperation with France, Spain, or the United States), and rapid reinforcement in response to a threat in Greek or Turkish Thrace. The notion of employing the FIR to carry out cross-border operations in Austria or Yugoslavia can be regarded as highly improbable, not least because Italian forces in the northeast would be a better instrument for this purpose.⁷ The fact that the FIR is composed of conscripted forces may also impose certain political constraints on its use for intervention or peacekeeping operations abroad, especially in light of the sensitivity to casualties experienced in Lebanon.

Former defense minister Zanone asserted that the state of Italian public finances will require substantial cutbacks over the next three years in order to reach the objective of eliminating the budget deficit. One consequence of this will be a "very austere" management of defense spending beginning in 1989 and continuing for several years. Zanone maintained, however, that Italy will strive to control expenditure without sacrificing operational capabilities or major investment programs, with the principal savings to be achieved in logistical and administrative support, discretionary spending, and a reduction in the number of draftees (in light of the looming demographic problem, the latter may be seen as an attempt to make a virtue of necessity). In

concern in light of the prominent place given by Giulio Douhet to the air defense of the Italian peninsula.

⁷Ilari, p. 85.

this sort of budgetary environment, there will be some question of the Italian ability to proceed with expensive modernization programs, despite assurances to the contrary. Indeed, there have been reports that the ten-year, \$22-billion modernization plan may be cut by at least half. The government has stated, however, that it will make efforts to insulate key programs that "cannot be compromised," including those that have required special legislation (for example, naval aviation) or that are multinational in character (EFA, Patriot, the NATO Standard Frigate, and satellite communications and surveillance programs).⁸ The most likely scenario with regard to Italian conventional defense improvement will be a firm verbal commitment in principle, coupled with very selective modernization in areas with clear defense industrial benefits and/or with cooperative aspects. Economic constraints and the widespread belief that conventional force reduction talks will render any general expansion of conventional capability unnecessary will be the key factors in this regard.

The debate over conventional strategy in Italy--to the extent that one exists--will continue to focus on the tension between defense to the northeast and defense in the Mediterranean. To a significant extent, this is as much a political dilemma as a strategic one a perception reinforced by the absence of a direct Warsaw Pact threat across Italy's borders. The issue is not so much one of making a "choice" between Central Region defense and Mediterranean defense--Italy will continue to have evident interests in both areas--but of managing the very different coalition aspects of defense in each region. Thus, a focus on the Central Region brings with it a greater degree of involvement in the core security concerns of the Alliance and, potentially, European defense cooperation. In contrast, a southern focus could suggest an even closer strategic relationship with the United States, with all that such a relationship implies. In the case of a general war with the Soviet Union, the defense of Italian interests in the central Mediterranean would clearly depend on operations elsewhere (for example,

⁸See *Defense Daily*, April 13, 1989, p. 69.

at the Dardanelles and in the Suez Canal), for which Italy must rely on Allied, and particularly U.S., forces.⁹ In non-NATO contingencies, the actions of Italy's principal ally can just as easily be the cause of political friction, as was the case with the U.S. airlift to Israel in 1973 or with the Sigonella incident in 1986.

The traditional notion of forward defense is generally seen to have maintained its validity in the Italian case, despite the discussion of alternatives (for example, territorial defense, defense in depth, and "retaliatory" options) in some quarters within the Alliance. Forward defense is likely to remain a cornerstone of Italian conventional strategy in the northeast for three reasons. First, in a relationship with the Alliance that is driven as much by political as by strategic considerations, adherence to the doctrine of forward defense is correctly perceived to be a *sine qua non* for political cohesion. Second, forward defense actually makes a good deal of sense along Italy's short, mountainous northeastern front (the canalization of attacking forces and lack of space for dispersion also suggests that interdiction would be very relevant to defense in this region). Finally, the adoption of alternative strategies that would envision the ceding of national territory would do less to bolster the overall holding capacity of NATO in the Central Region, sending the wrong sort of signals about Italy's contribution to coalition defense, and would be politically unattractive at the domestic level.

Italy has already made clear that, as a matter of general principle, it will not permit the use of bases in Italy for non-NATO purposes (emergency cooperation is not strictly excluded). On the basis of past Italian refusals in 1973 and again in the operations against Libya, it would be unrealistic to assume that this position will change.

⁹Despite the respect of Soviet analysts for the technical quality of the Italian armed forces, Soviet planners consistently ascribe the lowest relative ranking to Italian division equivalents within NATO. This is presumably based on their perception of the World War II experience, and is not irrelevant to the issue of the deterrent value of Italian forces. See Philip A. Petersen, "Italy in Soviet Military Strategy," *The International Spectator*, Vol. 23, No. 1, January-March 1988, pp. 16-18.

Indeed, the reiteration of this policy has been a centerpiece of the new Italian "assertiveness" on security questions, the only serious opposition to which is found in strong Atlanticist circles within the Republican and Liberal parties. In contrast, access to Italian facilities in any NATO-related contingency, including operations in the Mediterranean to counter Warsaw Pact operations elsewhere, can be regarded as certain.

NUCLEAR FORCES AND DETERRENCE

Apart from the broadly based tradition of support for arms control and disarmament referred to earlier, the Italian approach to the role of nuclear weapons and nuclear deterrence in NATO strategy is not driven by particularly deep political and philosophical forces. In this, as in many other Alliance matters, the Italian attitude has been characterized by a high degree of strategic pragmatism. Two points bear mentioning in this context. First, the trend toward the "conventionalization" of NATO strategy is greeted with reservation by members of the Italian defense and foreign policy elite because they perceive the nuclear dimension of flexible response as having a unifying effect within the Alliance, binding together the security fate of central Europe and the flanks. From the Italian perspective, it is essential not only to assure the strategic coupling of the United States to Europe, but also to maintain the coupling between deterrence in the Central and Southern Regions. Nuclear weapons in Europe do this very well; conventional forces alone do not provide the same confidence. Second, strengthening conventional forces to the point where they might begin to assume the deterrent role provided by nuclear weapons would be extremely expensive and, as a practical matter, beyond Italian means. Moreover, nuclear and conventional forces are in no sense equivalent in their ability to encourage a perception of shared risk within the Alliance.

Nuclear issues have been an excellent vehicle for the Italian desire to be helpful within NATO without taking on expensive new commitments. Such a policy probably does have its limits, however, and they are likely to be defined by the Italian desire to stay within the

mainstream of Alliance opinion on nuclear questions. Thus, Italy can be expected to support the continued presence of nuclear systems in Europe in some form (perhaps at a reduced level, perhaps only air-based--but not complete elimination, for preference). Yet Italy probably would not be as forthcoming as in 1979 on the issue of nuclear modernization, including any follow-on to LANCE, unless the decision was really in the balance within NATO, and this is not likely to be the case.¹⁰ The prospect of substantial and asymmetrical cuts in conventional forces would, of course, encourage support for early negotiations on a third "zero" embracing short-range missiles.

Although there has not been a great deal of interest in ATBM (antitactical ballistic missile) programs among Italian political parties or defense figures, this situation may change over the next few years with growing evidence that several states around the Mediterranean, including Libya, are working to acquire ballistic missiles of a range that would threaten Italian territory. The accompanying threat of chemical and nuclear proliferation will serve to increase this concern. Participation in SDI (Strategic Defense Initiative) research has been more of an issue, but even here, only the PCI and the Radicals have been seriously opposed. To the extent that ATBM can be divorced from SDI and treated as an air defense effort, a more active role will become possible.

ECONOMIC AND DEFENSE-INDUSTRIAL RELATIONS

Italy has traditionally been a firm supporter of European economic and political integration, having seen greater European coordination on international questions as a means of promoting its own role in many areas. In this sense, the EEC, not unlike NATO, serves as an important political "club"-membership in which confers a sense of influence and prestige along with more practical advantages. Italy has made a consistent point of objecting to the discussion of key economic and political issues in restricted forums, such as the Guadeloupe summit in

¹⁰One Lance unit is deployed in Italy.

1979, that do not provide for Italian participation. Although the Guadeloupe experience has not been repeated, it remains a point of particular sensitivity. Italy will continue to be wary of European political and economic initiatives that are not firmly anchored in the EEC structure, and Italian politicians have also spoken out strongly against the notion of a Franco-German or Franco-German-British directorate within the EEC.¹¹ Italian attitudes in this area, even (perhaps especially) after 1992, will continue to be characterized by the formulation "for Europe, against European coalitions."

One probable consequence of 1992--the accelerated movement toward greater European economic integration--is that the distinctions between the political, economic, and security dimensions of Italy's relations within Europe will become increasingly blurred. This, in turn, is likely to complicate the Italian preference for an evolutionary development of European institutions that does not threaten the alliance relationship with the United States. The specter of European protectionism, real or imagined, that has already begun to affect perceptions about Europe and the Atlantic Alliance in the United States, will be an issue of particular importance through the mid-1990s and beyond. Italy currently runs a substantial trade surplus with the United States, and the Italian position on future EEC trade policy, though nonprotectionist with regard to the movement of goods within the EEC, may well be quite protectionist overall. The principal Italian--indeed, West European--concern in this regard will probably be Japan, but measures in this area would also have clear implications for trade with the United States.¹²

One alternative might be a scenario in which the United States, if frustrated in its attempts to negotiate unencumbered access to the European market in Brussels, might seek out bilateral "portals" in Europe. Thus, even if the broader trade climate worsens, there may

¹¹Douglas A. Wertman, "Italian Foreign Policy in the 1980s: What Kind of Role?," *SAIS Review*, Summer 1982, p. 118.

¹²As suggested to the author by Paolo Liebl of the Atlantic Council of the United States, Washington, D.C.

still be scope for greater cooperation between U.S. enterprises and the Italian private sector, much of which is very well equipped to compete in this new European environment and will regard 1992 as a great opportunity. (The real problems of adjustment after 1992 will be in the extremely cumbersome Italian public sector).¹³ Overall, however, Italy is unlikely to oppose any European movement toward protectionist policies vis-a-vis the United States, a movement that could be expected to have serious consequences for Alliance cohesion as well as for the climate of U.S.-Italian relations.

The Italian defense industry is easily the most highly developed in NATO's Southern Region and is competitive in many areas with its counterparts in Britain, France, Germany, and the United States. The Italian government has been broadly supportive of NATO armaments cooperation and standardization efforts; one can expect this cooperation to continue, particularly as Italian arms sales in the Third World face new constraints. Italy, once the fourth-largest arms exporter, has slipped to 12th over the past few years, largely as a result of domestic political pressure and government restrictions. The decline in traditional exports to the Third World is likely to lead to an even greater emphasis on joint projects, along the pattern of EFA and the Brazilian-Italian AMX fighter-bomber.

EUROPEAN DEFENSE COOPERATION

The Italian attitude toward European defense cooperation--the development of a European pillar within the Alliance--is in some respects analogous to the Italian position on European economic and political integration: European initiatives are widely favored; coalitions or blocs within Europe are not. More specifically, Italian concerns regarding future European defense initiatives are likely to focus first on the degree to which such efforts represent an alternative to the bilateral security relationship with the United States (that is, Europe versus the Atlantic), and second on the potential for new defense arrangements that may undermine, rather than support, Italian aims.

¹³As suggested to the author by Joseph W. Harned of the Atlantic Council of the United States, Washington, D.C.

In principle, substantial support exists across the political spectrum for institutions such as the Western European Union that can serve to coordinate European policy on security matters and can encourage an evolutionary movement from European economic integration to eventual political and military integration. The desire to promote European cooperation as a vehicle for enhancing Italy's international role and reputation is evident here, as it is in the case of the EEC (to be sure, there are some dissenters, mainly in the PCI and the Atlanticist "lay" parties). Supporters of a more activist and independent foreign policy stance, especially Andreotti, have favored the "European card," an approach that was very much in tune with the political climate following the Libyan bombing and the Sigonella incident.

Even the most avid supporters of a European approach have, however, reacted with skepticism to the rise of Franco-German defense cooperation, a development posing the specter of a security condominium in Europe and pointing to the potentially damaging consequences, from the Italian perspective, of real initiatives in this area.¹⁴ Indeed, this problem is also closely related to the issue of the U.S. conventional--and even more important, nuclear--contribution to European defense. The progressive denuclearization of European security could encourage an erosion of the U.S. involvement in Europe, lend greater weight to the German role in NATO, and increase the prospect of a Franco-German condominium. None of these developments would be viewed favorably in Italy.

Defense cooperation centered on the Mediterranean has already appeared in the form of joint Italian, Spanish, and French agreements on satellite and maritime surveillance ventures. Concern over unconventional threats in the Mediterranean should serve to promote further initiatives of this sort in the future, but this is unlikely to

¹⁴See, for example, "La Repubblica Views Franco-German Accord" (in *FBIS-WEU Report*, January 27, 1988). Former defense minister Zanone commented that "the Franco-German understanding must become a European understanding" (*FBIS-WEU Report*, January 25, 1988, p. 13).

become the focus of Italian efforts toward European defense cooperation for reasons suggested earlier.

In sum, European defense cooperation implies the potential for growing tension between the European and Atlantic dimensions of Italian foreign and security policy (which worries some), and could result in the creation of separate security interests and arrangements or "differentiated security zones" within Europe (which worries many).¹⁵ The result is likely to be a strong and continuing Italian attachment to the idea of a European pillar within the Alliance, but little enthusiasm for the concept in practice. To the extent that Franco-German defense cooperation expands, Italian efforts can be expected to focus on establishing an Italian link, or perhaps reinforcing the traditional counter, the bilateral relationship with the United States.

BURDENSARING

From the Italian perspective, burdensharing embraces more than simply the adjustment of individual Alliance members' contributions to conventional defense in Europe (that is, spending more), or even to out-of-area needs (a field in which Italy has been active). Rather, it is more broadly defined to include doing more than one's share in terms of commitment to and cooperation with, Alliance objectives. Being helpful on matters of critical concern to the Alliance--the deployment of cruise missiles, the acceptance of F-16s transferred from Torejon--has been the Italian contribution to burdensharing. This approach also has the impressive advantage of being inexpensive, and so far has not demanded a great deal of domestic political capital or risk.

The severe pressure on Italian defense spending, coupled with the anticipation of results from the conventional force reduction talks, suggests that there can be little prospect of Italy taking on additional defense commitments other than those of a symbolic or "host" character. In the event of a substantial, unilateral reduction in the U.S. presence in Europe, an additional Italian contribution-in cooperation with

¹⁵*La Repubblica*, January 28, 1988 (in *FBIS-WEU Report*, February 2, 1988, p. 15).

European allies-would be more likely. On out-of-area needs, Italy can be expected to contribute, to the extent possible, as in the past (especially with regard to protecting the sea lines of communication for oil).¹⁶ The future level of the U.S. naval presence in the Mediterranean will be an area of particular concern for Italy; any significant reduction should call forth Italian efforts to take up some of the slack, perhaps in cooperation with other Southern Region allies. The development of Italian naval aviation will improve the country's ability to contribute to this task.

A factor of importance to both the burdensharing and European defense cooperation issues is the Italian leadership's continuing reluctance, perhaps because of the special Atlantic dimension of Italy's security relations, to anticipate or take for granted an eventual U.S. withdrawal from Europe in a way that might make this a self-fulfilling prophecy.

EAST-WEST RELATIONS

As elsewhere in Western Europe, Gorbachev's reform initiatives and diplomatic overtures are taken very seriously across the Italian political spectrum. There is a widespread perception that the Cold War is at an end and that a new era of detente--one in which the military aspects of the East-West competition are becoming less salient--has begun in earnest. To be sure, the fact that Italy does not face Warsaw Pact forces directly across its own borders has always had the effect of moderating the Italian perception of threat, but this hardly changes the significance of the revolution in attitudes toward the Soviet Union and Eastern Europe fostered by Gorbachev. Overall, there is a sense of burgeoning political and economic opportunity in which Italy can play a significant role as a favored interlocutor between East and West. At the same time, Italy's geographic position has allowed the development of a more pragmatic approach to East-West relations--one that is not

¹⁶For over a year, Italy maintained a rotating force of 20 vessels (11 frigates, 6 minesweepers, and 3 support ships) in the Persian Gulf (*FBIS-WEU Report*, August 14, 1988, p. 5).

driven by profound geopolitical impulses. From the Soviet perspective, this suggests that Italy occupies a rather unique position in terms of its ability to facilitate cooperation, even if relations with Italy do not constitute the same sort of political and economic prize that might be sought elsewhere in Western Europe.¹⁷

To the extent that Italy seeks to pursue broader geopolitical aims through East-West relations, it does so within the context of Europe. Former prime minister Ciriaco De Mita emphasized this point, asserting that developments in the Soviet Union represent "an extraordinary new fact which places Europe in front of the need for a different way of conducting relations with the East." To this statement, Andreotti added a characteristic twist, suggesting that it is "up to the Europeans to conduct a direct dialogue with the Soviet Union, blunting eventual frictions over American policy and offering, perhaps, a line of continuity, as opposed to the alternation of power in Washington."¹⁸

During his October 1988 visit to Moscow, De Mita proposed a program of East-West economic cooperation based on the example of the Marshall Plan. Undoubtedly, De Mita's reference to a Marshall Plan for Eastern Europe was something of a rhetorical indulgence, useful to establish common ground with the Italian Left, and especially the PCI. Indeed, the issue of East-West relations has very important domestic political significance in Italy, arising out of the PCI's leading role in the European Left and the arm's-length nature of its relationship with the Soviet Union. Moreover, ever since De Gasperi chose to anchor Italy firmly in the West--with membership in NATO as the principal vehicle for accomplishing this goal--the stance of politicians and parties on Alliance matters and East-West relations has served as a test of political legitimacy in mainstream Italian politics. The desire to demonstrate solid Western credentials has been a continuing concern for the PSI and the PCI (a concern most evident during the Euromissile

¹⁷Gorbachev reportedly will visit Italy late in 1989, possibly in November (*The Economist*, February 11, 1989, p. 44).

¹⁸FBIS-WEU Report, June 14, 1988, p. 4, and January 22, 1988, p. 12.

debate), while the Christian Democrats, whose credentials presumably are not in doubt, have emerged with more room for maneuver. Thus have arisen the Socialists' criticism of the "excessive pro-Soviet spin" being given to Italian policy in the wake of De Mita's visit to Moscow and Andreotti's rejoinder that the Christian Democrats do not need "to prove anything to the Americans."¹⁹ Beyond this, there is a concern on the part of the Socialists and the PCI that the Marshall Plan proposal, with its suggestion of large-scale credits, serves to reinforce the ties between "big business" and the Christian Democrats.²⁰

The new climate under Gorbachev raises certain questions about the future role of the PCI in Italian political and economic relations with the Eastern bloc. For a long time, it has been a more or less open secret that the PCI has acted as a broker of sorts between Italian sources of capital and the leaderships in Eastern Europe. One might expect the prospect of greater movement in many areas, including economic cooperation, to reinforce this role, but this is unlikely to be the case. Rather, there is a growing perception of an open field with regard to Italian involvement in East-West initiatives in which intermediaries will no longer be necessary (especially if the intermediary has a complicated ideological relationship with the Soviet Union). On the Soviet side, there can be little rationale for any approach that does not focus on the governing coalition and, in particular, on the element with the most to offer both politically and economically, the Christian Democrats. Finally, from the standpoint of Italian domestic politics, one may suggest that the new pattern of liberalization in the Soviet Union will complicate rather than resolve the PCI's problem of political definition.²¹

¹⁹See "DC, PSI Seen Vying Over Soviet Credits," *L'Espresso*, November 27, 1988 (also in *FBIS-WEU Report*, January 30, 1989, pp. 14-15); and also an interview with Andreotti on East-West relations in the same issue (*FBIS-WEU Report*, January 31, 1989).

²⁰The planned construction of a new Fiat plant in the Soviet Union, at an estimated cost of \$6 billion, will require massive Italian credits, agreement on which would be facilitated by an understanding between the Christian Democrats and the PSI. It has been suggested that the message Craxi wishes to send is that the Christian Democrats alone "will not suffice for doing business with the Russians" (*FBIS-WEU Report*, January 30, 1989).

²¹See "PCI's Natta Describes Talks with Gorbachev," *L'Unita*, March 30, 1988 (also in *FBIS-WEU Report*, April 6, 1988).

Historically, the Italian private sector has been very active and independent in pursuing investment initiatives in the Soviet Union and Eastern Europe (Fiat was particularly active in this area in the 1960s). Indeed, Italy currently ranks second--close behind West Germany--in the value of its direct investment in the Soviet Union. Trade between Italy and the Soviet Union grew by 11 percent in 1987 alone, well ahead of the trend elsewhere in the West. The year 1987 also saw a slight reduction in Italy's trade deficit with the Soviet Union.²² Despite the fact that the overall volume of trade with the East is unlikely to be very large, there can be little doubt that the Italian private sector will retain a strong commercial interest in new ventures in the Soviet Union and Eastern Europe.²³ In the Italian public sector, the motivation will be less clearly commercial and more political in nature, with a strong interest in contracts to help sustain large-scale public enterprises--even if the terms are less than competitive. Special sectors may also have unique interests, such as ENI has in energy ventures.²⁴ Some observers have also suggested that the Italian experience in the economic development of the Mezzogiorno may yield lessons (for example, the failure of state *dirigisme*) applicable to development in Eastern Europe.

The growth of Italian involvement in economic activities in the East will also reinforce the Italian sensitivity to East-West trade as a source of friction within the Atlantic Alliance. Italy supported the European position in both the Siberian gas pipeline and Polish embargo disputes, and can be expected to eschew hard-line policies on trade and technology transfer emanating from across the Atlantic ("science without secrets" has been a constant of recent Italian policy in this area).²⁵ This stance is a reflection not only of perceived national self-

²²*The Economist*, April 22, 1989, p. 72; and *FBIS-WEU Report*, March 25, 1988, p. 6.

²³Cerealmangimi has concluded an accord to supply the Soviet Union with close to one-third of its annual needs for durum wheat.

²⁴A December 1988 protocol allows for significantly larger imports of Soviet natural gas and electric power (*FBIS-WEU Report*, December 19, 1988, p. 18).

²⁵See *FBIS-WEU Report*, June 3, 1988.

interest, but also of the belief in many quarters that economic cooperation can help drive political and military detente, and moreover, that this is a sphere in which Italy can make a unique contribution.

With the resolution of the Trieste dispute, relations with Yugoslavia ceased to have a prominent security dimension, and economic cooperation, particularly between the industrial north of both countries, has been extensive (Italy is Yugoslavia's main trading partner in the West). A new \$400-million, three-year program for economic cooperation has been announced, and subsequent trade and investment initiatives-including agreements facilitating Yugoslav access to European markets--are likely.²⁶ Italy clearly has a strong regional interest in the political and economic stability of Yugoslavia and is likely to continue and perhaps expand its efforts to demonstrate confidence in Yugoslavia in the International Monetary Fund and elsewhere.

ABSTRACT AND SYMBOLIC ISSUES

The tension between Italy's traditional European and Mediterranean interests is inherently resistant to resolution and represents a constant in the Italian security debate. In terms of broader Alliance attitudes and policies, there is undoubtedly a strong Italian desire to see more attention devoted to Mediterranean issues in Brussels and Washington. To the extent that the Alliance as a whole devotes more energy to Southern Region problems, the Italian strategic dilemma will be less acute, and the perceived risk of a "decoupling" of Central and Southern Region defense will be reduced.

Apart from this concern--and as a broad generalization--the Italians may not yearn for the formulation of an Alliance-wide notion of political and strategic vision in the same sense that the Germans do, but they would undoubtedly be willing participants in the process. Italy is now in a much better position to contribute to a new

²⁶FBIS-WEU Report, January 29, 1988, p. 8. See also Yannis Valinakis, "Italian Security Concerns and Policy," *The International Spectator*, Vol. 19, No. 2, April-June 1984.

Harmel-type exercise given the more active and sophisticated approach to security questions that has arisen since the late 1970s. Moreover, the basic consensus on the value of the Alliance is strong enough that a conceptual reappraisal is unlikely to provoke strong domestic divisions. Indeed, a clear reaffirmation by the Alliance of the importance of negotiations in tandem with deterrence would find wide support in Italy.

IV. SOME VARIATIONS ON THE LIKELY CASE

The preceding analysis of Italian attitudes and policies in various issue areas has been based on certain fundamental assumptions about developments in the internal and external environment through the mid-1990s. One can easily posit a number of less probable, but not impossible variations--"wild cards"--that might alter the nature of Italian behavior within NATO. The following list obviously does not exhaust the possibilities:

1. *Drastic change in the course of Soviet policy.* If Gorbachev is replaced by a reactionary leadership, or if his policies assume a new and more conservative direction (perhaps in response to unrest in the republics), a reassessment of Italian attitudes would be inevitable; Italy would adopt a more cautious (and Atlanticist?) approach to East-West political relations, trade, arms control, and so on. Short of a real shock, the Italians probably will not spend much more on defense, but they might be discouraged from spending less, and attitudes toward such issues as nuclear modernization might well be transformed.

2. *Drastic change in U.S. policy (that is, very large or complete troop withdrawals from Europe).* This development would almost certainly drive the Italians (among others) toward more active European defense cooperation, which would most likely involve some sort of participation in a Franco-German arrangement. A serious reduction in the U.S. naval presence in the Mediterranean would be of the most direct concern to Italy; it would encourage the creation of greater Italian capabilities in this area, possibly at the expense of commitments to the northeast (a U.S. withdrawal would, presumably, be the consequence of a further relaxation of tension in central Europe).

3. *Dramatic developments in Europe.* A serious crisis in Eastern Europe--and certainly one accompanied by a Soviet intervention--would have much the same effect on Italian policy as variation 1 above, only more pronounced. The current enthusiasm for economic ventures in the East would be severely shaken. An evident movement toward German neutralism

could be expected to encourage Atlanticist sentiments, but this would not be without certain political and economic costs. In the event, much would depend on the nature of Germany's relationship to the EEC.

4. *A serious out-of-area crisis (or crises).* A crisis in the Mediterranean or the Middle East--particularly one involving a U.S. military response--would, as in the past, pose the risk of a political confrontation within the Alliance. In this case, the position of the Italian Atlanticists would obviously become more difficult, except in an instance in which U.S. and Italian interests in intervention coincided (for example, following a Libyan threat to Italian territory or forces, or in the context of a Libyan conflict with Egypt, or in response to instability in Tunisia). A crisis or series of crises around the Mediterranean, if unaccompanied by a renewal of East-West tension, would encourage a marked shift of Italian defense resources to the south.

5. *A new energy crisis (perhaps related to variation 4 above).* An energy crisis--and, more specifically, an oil crisis--resulting from producer policies or supply restriction apart from price could have a range of effects on Italian behavior. Dramatic price increases could raise the specter of recession, which would, in turn, complicate economic relations with the United States and perhaps encourage European protectionism (or the fear of it), and necessitate sweeping cuts in Italian defense spending. The ability to provide large-scale credits to the Soviet Union and Eastern Europe would also be in doubt. Only in the case of a physical threat to energy supplies--including the sea lines of communication for oil, in which the United States would be viewed as the ultimate guarantor of access--would the Atlantic dimension of Italian policy be reinforced.

6. *Profound internal change.* An alliance of the PCI and the Socialists probably would not jeopardize the basic Italian commitment to the Atlantic Alliance, but it would increase the pressure for denuclearization of European defense, and would complicate U.S.-Italian relations on this and other questions. The implications for the Atlantic Alliance would certainly not be as stark as in the case of a Red-Green coalition in Germany, but would be notable nonetheless--all the more so

should Left coalitions come to power in both countries.

A new spate of domestic terrorism in Italy might not affect Italian policy towards NATO directly, but it could be expected to divert attention from other concerns, including questions of international security. This could contribute to a redefinition of national security at the political level and might lead to a reassessment of the relevance of the Alliance to Italy's security problems (especially if the terrorists' targets are NATO-related).

V. CONCLUSION

In sum, Italian attitudes and policies toward the Atlantic Alliance through the mid-1990s are unlikely to be characterized by any radical departure from past behavior. Italy will continue to exhibit greater assertiveness on foreign and defense policy questions, especially in Atlantic relations, but this assertiveness will not threaten the basic Italian commitment to NATO--Italy will not be the starting point for either the erosion or the reinvigoration of the Alliance. Finally, even if Italian policy remains essentially reactive, this does not mean that Italy's response will be unimportant. As in the past, Italy will retain its ability to influence the outcome of Alliance debate on critical issues and at critical junctures.